

**Analysis of what Capstone will be paying for the various parcels in the proposed PUD**

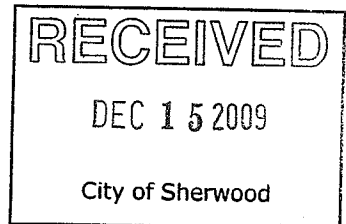
Based on the Amended Purchase Price agreement between the Urban Renewal Agency and Capstone for the West and East Apartment Sites (from URA minutes dated 11-3-2009):

**Purchase Price Amounts.** Section 3.3 of the Purchase Agreement shall be deleted and replaced with the following:

**The Purchase Price for West Residential Phase (Site C) and East Residential Phase (Site D) shall be the product of the actual land area of the Residential Phase to be acquired (but not more than \$12.00 per square foot nor less than \$8.00 per square foot), which residual land value shall be determined by a multi-family appraiser mutually selected by Purchaser (subject to approval by Seller, which approval shall not be unreasonably withheld, conditioned or delayed) using Purchaser's actual cost assumptions, revenue and operating expense assumptions to assist such appraiser in determining such residual land value.**

Based on the plans submitted by the applicant (Preliminary Plat C2.2), the lot size for the West Residential Phase is 40,329 sq.ft. The East Residential Phase is 38,069 sf. The range of purchase price for those two parcels is:

<u>Parcel</u>	<u>\$8/sf Price</u>	<u>\$12/sf Price</u>
West Parcel		
40,329 sf	\$322,632	\$483,948
East Parcel		
38,069 sf	\$304,552	\$456,828
	-----	-----
TOTAL Apt Land	\$627,184	\$940,776
	=====	=====



**Purchase Price Amounts.** Section 3.4 of the Purchase Agreement shall be deleted and replaced with the following:

**The Purchase Price for any Phase or lot within the NE Phase shall be \$16.00 per square foot of land that comprises the Phase or lot to be acquired.**

Based on the plans submitted by the applicant (Preliminary Plat C2.2), the lot sizes for the NE Phase are:

Lot 4	25,074 sf	x	16	=	\$401,184
Lot 5	7,050 sf	x	16	=	112,800
Lot 6	8,114 sf	x	16	=	129,824
Lot 7	13,003 sf	x	16	=	208,048
Lot 8	15,591 sf	x	16	=	249,456
	-----				-----
	68,832 sf	Capstone Totals			\$1,101,312
					=====

Additional lots on Plat not in NE Phase

Lot 3	9,797 sf	x	16	=	156,752
Lot 1	20,760 sf	x	16	=	332,160
	-----				-----
	30,557 sf				\$ 488,912

Lot 2-Machine Works ( 23,027 sf) N/A

The Urban Renewal Agency obtained a USPAP appraisal from Craig Zell and Associates on October 1, 2009 valuing the two Robin Hood Theater lots at \$25 / sf. (copy of Zell appraisal letter included). The Urban Renewal District has purchased both of those lots from the City Of Sherwood at the \$25 / sf price. The lots are zoned the same as the proposed Lots 1-8 of this application.

**WHY is there a 36% discount or \$9 / sf price reduction given to Capstone Partners for these Urban Renewal Agency lots? That amounts to a discount of approximately (\$9 x 68,832 sf) \$619,488 if Capstone only purchases Lots 4 through 8.**

During the December 8, 2009 hearing, Ms. Hajduk stated that Capstone would be buying nine of the ten lots in the Cannery PUD. If so, then Capstone would also be purchasing Lots 1 and 3 and receiving the 36% discount for those lots of approximately (30,557 sf x \$9) \$275,013. **Again, WHY?**

The Oregonian article from Brad Schmidt offers a slightly different analysis of the Capstone commitment to purchase the Retail Commercial lots in the PUD (See attached Oregonian article dated December 4, 2009). According to the information that Mr. Schmidt received from the Sherwood staff and the Mayor, the Mayor stated in the article that Capstone is only committed to buy 40,000 sf of RC land. In that analysis, Capstone would be paying the URA a total of \$640,000 (based on the \$16/sf price) vs. the \$1,000,000 they would be paying if they had to pay \$25 / ft. **WHY the discount?**

**With purchases that could take several years to consummate, why would the Urban Renewal Manager negotiate a pre-determined discounted price and not agree to get market appraisals at the time that the applicant notified the UR agency of its intent to purchase? Who knows what the market will be like seven years from now? All that the Urban Renewal Manager has guaranteed is that Capstone will continue to buy if the property remains discounted at the set rate of \$16/sf. That type of negotiating is not in the best interest of the URA or the citizens—especially negotiating a set price to the buyer over an extended period of time with the buyer having ongoing contingencies that let them walk if the \$16/sf price becomes less than a good deal for the buyer.**

#### **SOME OF CAPSTONE'S CONTINGENCIES per the agreement with URA**

The latest agreement between the Sherwood Urban Renewal Agency and Capstone also provides among other provisions for:

- “The Closing of the purchase and sale of the Property shall occur in multiple phases to allow for the purchase of any individual Phase or lot or combination of Phases or lots.” (Sec 9.1)
- The First Takedown can be beginning up to two years following completion of public infrastructure (Sec 9.2)
- The Last Takedown can be for seven years following completion of public infrastructure (Sec 9.2)
- Public Infrastructure Milestone is projected at this time to be completed in Fall of 2010
- Nothing can happen until the Urban Renewal Agency receives a “No Further Action” (NFA) letter and authorization from the Department of Environmental Quality and Clean Water Services regarding the total clean up of the contaminated Cannery site. At this time the URA stills needs to provide a Soil Management Plan that is reviewed and accepted by DEQ as well as signed off. It is unknown how many months it will take to receive the NFA letter.
- Capstone’s “Due Diligence Contingency Date shall be ninety(90) days after the later to occur of: (i) Purchaser’s receipt of the ‘no further action letter’ from the Oregon Department of Environmental Quality, and (ii) final binding approval in form acceptable to Purchaser of the preliminary PUD and Subdivision for the proposed development of the Old Cannery Site.” (Sec 6.2)

- Another Capstone contingency is that it “also has to obtain a “service provider letter” from Clean Water Services in form and content acceptable to Purchaser allowing for the proposed development of the Old Cannery Site” (Sec 5.1).
- Purchaser’s obligations under this Agreement are contingent upon the receipt of a construction financing commitment with respect to the development of the portion of the Property to be acquired upon such terms and from such lender as is reasonably acceptable to Purchaser. (Sec 7.9)
- Purchaser’s obligations under this Agreement are contingent upon obtaining pre-lease or pre-sale commitments for a minimum of 40% of the proposed retail, office and/or commercial buildings contemplated to be developed on the portion of the Property to be acquired, or as may be required by the Purchaser’s construction lender. (Sec 7.10)

It is clear from the agreement that Capstone still has maximum flexibility to walk from this project or portions of this Cannery PUD project.

**Why does that matter?** Because you are being asked to approve a time sensitive planned unit development that has EXTENDED time frames. Clearly the intent of the general provisions of Chapter 16.4.040 A.1 & A.2 for PUDs is being violated. Based on the applicant and city’s timeline, it is almost impossible that the entire PUD could be completed within 24 months of any approval. The applicant has offered no phasing plan and in fact has asked for maximum flexibility and NOT commit to a defined phasing plan. In fact, Section 9.2 the underlying agreement between the URA and the applicant allows for up to more than seven years before the applicant would have to commit to the final take down. The underlying agreement violates the basic provisions of Chapter 16.4 of the zoning code as it applies to PUDs.

This PUD is premature and lacks clarity for the surrounding properties. It does not provide adequate information for completion of the various uses within the PUD.

Sincerely,

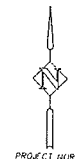
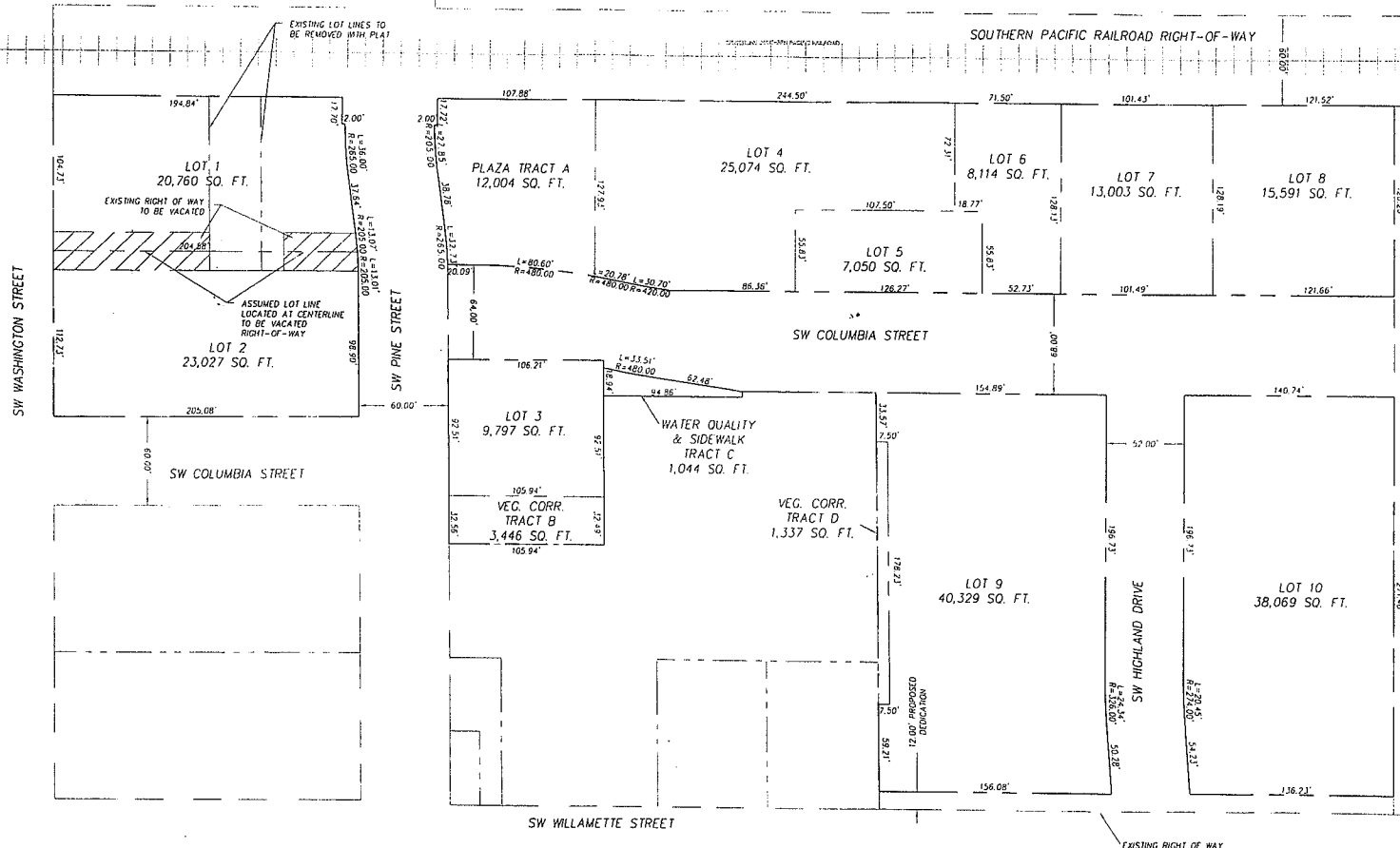


Susan Claus

Enclosures:

“Sherwood Cannery Redevelopment Delayed But Still on Track” Brad Schmidt, The Oregonian (Dec 4, 09)  
Sherwood Cannery Square PUD, Preliminary Plat, Map C2.2  
Summary Appraisal of the Robin Hood Theater Site, Sherwood, Oregon. Craig Zell and Assoc. (Oct 1, 09)

AREA SUMMARY	
LOT/TRACT	AREA
1, 3 - 10	177,787 SQ. FT.
2	23,027 SQ. FT.
TRACT A	12,004 SQ. FT.
TRACT C	1,044 SQ. FT.
NET BUILDABLE	213,862 SQ. FT.
NET BUILDABLE	213,862 SQ. FT.
NEW RIGHT OF WAY	56,418 SQ. FT.
VEG. CORR TRACTS	4,783 SQ. FT.
TOTAL	275,061 SQ. FT.



PROJECT NORTH



Harper  
Houf Peterson  
Righellis Inc.

203 SE Spokane Street, Suite 200, Portland, OR 97202  
phone: 503.221.1131 www.harp.com fax: 503.221.1171  
EXPIRES: 12/31/2012  
ANK-112 DESIGNED BY: HRP DRAWN BY: HRP CHECKED BY: HRP

Preliminary PUD & Subdivision Submission 9-4-09

**ANKROM MOISAN**  
ARCHITECTURE INTERIORS PLANNING  
PORTLAND: 8220 SW MACADAM, PORTLAND, OR 97219 | 503.245.7100  
SEATTLE: 117 S MAIN STREET, SUITE 400, SEATTLE, WA 98101 | 206.276.9600

**Sherwood Cannery Square PUD**  
Sherwood, Oregon  
Castone Partners LLC

MARK	DATE	DESCRIPTION

DATE: 9-4-09  
JOB: XXXXXX  
FILE: ANK112-C2.2  
DRAWN:  
CHECKED:

COPYRIGHT ANKROM MOISAN ASSOCIATED ARCHITECTS 2

PRELIMINARY  
PLAT

C2.2

# Sherwood cannery redevelopment delayed but still on track

By Brad Schmidt, The Oregonian

December 04, 2009, 3:34PM

SHERWOOD -- The wait for the most extensive redevelopment project in downtown Sherwood is getting longer. Much longer.

The proposed cannery redevelopment by **Capstone Partners LLC** was supposed to begin this summer with construction of three commercial structures and two apartment buildings. A final commercial phase was supposed to kick off by the end of 2012.

But various delays prompted **city leaders** to approve a revised schedule in which private redevelopment would begin by fall 2012 and finish by about 2017. And the promise of private investment is tied to upfront taxpayer investments for a public plaza, new roads and government becoming a retail landlord at one building.

City officials say those taxpayer-backed improvements will benefit the area and prompt major investment. The project is expected to generate \$28 million to \$33 million of private investment, said Tom Nelson, Sherwood's economic development manager.

"If we're improving the area, we expect that it's going to make the whole project more attractive," he said.

Specifics of the cannery proposal will be reviewed at 7 p.m. Tuesday by **Sherwood's planning commission**. If approved, the **Sherwood City Council** will review the plan sometime in early 2010.

Cannery redevelopment is seen as the hallmark of a revitalized downtown. Sherwood's Urban Renewal Agency has purchased more than \$4 million in land and is poised to spend about \$8.4 million for the plaza, new streets and renovation of the 13,000-square-foot machine works building into a cultural center and commercial space. Rent from businesses in the building likely would go toward operating costs for the center, Nelson said.

The revised development agreement, approved last month by the Urban Renewal Agency, calls for those taxpayer projects to be complete by winter 2010. The revised agreement allows Capstone to purchase and redevelop property individually, rather than in two phases, and gives the company until 2017 to purchase land for the project.

Sherwood Mayor Keith Mays said the new schedule contains "worst-case dates" and provides Capstone needed flexibility to build in phases, as the post-recession market demands. If completed, Capstone would develop about 40,000 square feet of commercial space and 101 apartments.

"Yes, we'd like to be further along," Mays said. "But we are still very happy with Capstone and we're making progress."

The city in 2004 bought the 6.4-acre cannery property, which long ago was a fruit processing plant. Efforts to sell the land to a developer stalled and the Urban Renewal Agency bought the land in 2008. Capstone reached an agreement later that year to develop, but wetland mitigation and environmental approvals from the state have taken longer than anticipated.

Martha Shelley, a principal at Capstone, said the company won't seek construction financing until it receives enough commitments from potential tenants, on a building by building basis. Capstone won't begin seeking those commitments until the project receives final approval from the city, she said. At buildout, Capstone is expected to buy about \$2 million of property from the Urban Renewal Agency.

"We want this to be a huge success and we want the users to tell us what needs to get built first and when, so that we don't have any empty buildings there," Shelley said.

Some citizens have questioned whether the project includes adequate parking or whether it will generate too much traffic. Others say three-story apartment buildings are too large for downtown and wonder whether there is demand for additional commercial space in an old-style downtown featuring a handful of local restaurants and antique stores.

-- Brad Schmidt

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# Zell & Associates

Real Estate Appraisers and Counselors

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October 1, 2009

The City of Sherwood  
Tom Nelson  
22560 SW Pine Street  
Sherwood, OR 97140

Summary Appraisal of the Robin Hood Theater Site  
Zell File No. 09-176

Mr. Nelson,

At your request, I have personally completed an appraisal of the property noted above and more fully described in this report. Per your request, I have appraised the property using a complete appraisal, but for simplicity of reading and reduction of cost, reported the results in a summary format. This format briefly describes the property and our findings for purposes of valuation. The documentation has been retained in our work files, however if at any time you need additional information regarding the analysis, it is available to you upon short notice. The following identifies the property and summarizes some characteristics:

**Property Location:** On the south corner of NW First and SW Pine Streets, City of Sherwood, Washington County, Oregon

**Date of Value:** October 1, 2009

**Assessors Map Numbers:** 2S1W Section 32BC Tax Lots 3700 and 3800

**Land Size:** 10,000 Square Feet

**Access:** Directly on First and Pine Streets with an alley off Pine

**Topography:** Level

**Utility Services:** Assumed all available without extra cost

**Zone:** RC – Retail Commercial with a design overlay

**Urban Growth Boundary Inclusion:** Inside UGB, City of Sherwood

**Improvements:** None except for gravel parking surface and original sign for the theater

**Highest and Best Use:** Commercial or mixed use building



## ASSUMPTIONS OR LIMITING CONDITIONS

This appraisal report and the certification of value are expressly contingent upon and subject to the following:

1. The appraiser has not been supplied with a metes and bounds legal description, but the property is assumed to be a 100' X 100' square as depicted on the county plat map. All matters of a legal nature or facts which might be revealed by a survey or title examination are excluded from the opinion of value herein.
2. That the title to the property is assumed to be good and merchantable.
3. That the property is free and clear of all liens or encumbrances including taxes and assessments not specifically referred to in the appraisal.
4. That management of the property and ownership is responsible.
5. Subsoil and flood plain characteristics of the subject site appear to be suitable for the intended use. No further studies were taken and no responsibility is assumed. Subsurface rights were not considered in making this appraisal.
6. We are not qualified to determine the presence of toxic or hazardous substances or materials which may influence or be associated with the subject or adjacent properties. We have made no investigation or analysis as to the presence of such materials. Value estimates set forth herein are net values after all costs or expenses have been paid by others to render the property suitable for its intended use.
7. It is assumed that full compliance has been made with all applicable federal, state and local environmental regulations and laws unless specifically stated otherwise in this report. It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless specifically stated otherwise in this report. It is assumed that the improvements, if any, are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless specifically stated otherwise in this report.
8. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Any fractional use of the portions of this report with any other appraisal is invalid.
9. Possession of this report, or any portion thereof, does not carry right of publication. Neither all nor any portion of this report may be disseminated to the public through any media or communication without the prior written consent of the appraiser, nor may it be used for any purpose by anyone but the client without previous written consent of the appraiser and then only under the proper qualifications and in its entirety.
10. In the event of a subpoena or other required appearance before any court or other formal hearing concerning any or all of the subject matter of this report, the

customary charge will be made for any appearance and we are not required to give further consultation or testimony unless arrangements have been made previously.

11. The comparable sales data outlined in this report has been checked as closely as possible for errors and is considered accurate, but this accuracy is limited to the reliability of the people contacted who were involved in the sale and to the information they passed on to the appraiser during his investigation.
12. The general economic conditions will remain stable during the projected marketing period. The current unemployment rate for the State of Oregon is 12.4% and retail vacancy is 7.1% for the second quarter of 2009 for the Portland Metropolitan area. These numbers are higher than what we have seen in the recent past and an economic recovery is anticipated.
13. Competent management and aggressive marketing will be retained at all times during the marketing period.



### **Intended Use and User of the Appraisal Report**

The intended user of this appraisal report is the City of Sherwood. Any other user is prohibited without prior written consent of the appraiser. Reliance on the analysis or conclusions within this report is limited to the user. The appraiser's responsibility is limited solely to the client. The intended use of this appraisal is for potential market pricing purposes.

### **Purpose and Function of the Appraisal**

The purpose of this appraisal is to estimate the current market value of the subject in its "As Is" condition for marketing purposes. The function of the report is to communicate the data and reasoning used by the appraiser. In this regard, I must caution you that the limited summary format, although easily and quickly read, can result in such a limited degree of presentation as to be misleading if used or relied upon by parties unfamiliar with the market, the neighborhood or real estate in general.

**RELIANCE ON THIS REPORT IS THUS LIMITED TO ONLY THE CLIENT WHO IS ASSUMED TO HAVE THE KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THIS LIMITED SUMMARY FORMAT REPORT.**

### **Scope of the Appraisal**

The scope of the appraisal encompasses the necessary research and analysis to prepare the report in accordance with the intended use, as well as in accordance with The Uniform Standards of Professional Appraisal Practice and the laws of the State of Oregon.

The property was identified by means of the Washington County Tax Assessor's Map and MetroScan. An on-site inspection of the property was performed by means whereby the appraiser walked the site sufficient to view significant features of the land. No other tangible property was considered. Additional features of the property were obtained from the internet including aerial photography and zoning information. Information critical to the analysis and relied upon for the conclusions was obtained from the owner and others as identified throughout the appraisal.

The highest and best use conclusion was developed through an analysis of the physical aspects of the subject property and its surrounding neighborhood. The legal aspects were considered as reflected in applicable zoning ordinances and on observations of other development in the neighborhood. The financial feasibility conclusion was based on general market trends obtained from the MLS and other sources. The property could support a wide variety of commercial development, with or without a residential component, depending on the needs of a particular buyer. The determination of the ideal improvement is considered outside the scope of the appraisal and the most productive use was considered to be for commercial or mixed use development.

All approaches to value were considered and ultimately only the sales comparison approach was considered appropriate in this analysis. Comparable sales data was

obtained from RMLS, CoStar Comps, public records through MetroScan, and conversations with local builders and developers. Each of the sales was confirmed through a person familiar with the sale, typically a real estate agent or buyer. Where this was not possible the appraiser has relied on County Records and conversations with planning staff. Each of the sales used in the analysis for comparison purposes was physically viewed and photographed.

### **Definition of Market Value**

This appraisal has been completed for the purpose of estimating market value of the subject property, defined as:

*"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*

- a) buyer and seller are typically motivated;*
- b) both parties are well informed or well advised, and each acting in what they consider their own best interest;*
- c) a reasonable time is allowed for exposure in the open market;*
- d) payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and*
- e) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."*<sup>1</sup>

### **Property Rights Appraised**

This assignment concerns the appraisal of the fee simple interest. "Fee Simple" is defined as follows:

*"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."*<sup>2</sup>

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<sup>1</sup> Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions {f}.

<sup>2</sup> The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute, Chicago, 1993, Page 140.

### **Competency Provision**

The Uniform Standards of Professional Appraisal Practice (USPAP) requires that *“prior to accepting or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience to complete the assignment competently.”*<sup>3</sup> The appraiser hereby certifies that he/she has the necessary experience and knowledge to complete this assignment competently.

### **Availability of Information**

The information necessary to complete this assignment properly was available to the appraiser during the course of assignment unless otherwise noted in the individual sections of the appraisal or the attached Assumptions and Limiting Conditions. The appraiser was not supplied with a current Title Report for the purposes of this appraisal and cannot take responsibility for issues of ownership.

### **Compliance**

This appraisal has been prepared in compliance with our best interpretation of the current Uniform Standards of Professional Appraisal Practice, any client Supplemental Standards and the laws of the State wherein the property is located. Should this report be transferred to another party and/or is reviewed by another party and there are questions or additional work necessary to comply with their subsequent standards, the appraiser reserves the right to charge appropriate additional fees for the work and time expended.

### **Personal Property, Fixtures or Intangible Items**

No personal property, fixtures or intangible items were included in the valuation.

### **Dates of Significance**

Craig Zell, MAI, SRA and Robert Atchison have inspected the subject property on multiple occasions. The most recent inspection was on October 1, 2009, the effective date of the “As Is” value estimate.

### **Legal Description**

The subject is identified on Washington County Tax Map 2S1W Section 32BC as Tax Lots 3700 and 3800. The legal description is Lots 1 & 2, Block 1 Smockville.

### **Statement of Ownership, Sales and Marketing History**

The property owner is the City of Sherwood according to county records as reported by MetroScan. The property was purchased improved with the old theater for \$200,000 in 1998, though there appears to have been some additional property included in the sale. No other sales, listings, or significant transfers of ownership over the last three years are known to the appraiser. The appraiser was not supplied with a current Title Report for

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<sup>3</sup> USPAP, 2005 Edition, The Appraisal Foundation

the purposes of this appraisal and cannot take responsibility for issues of ownership or legal issues uncovered in title examination.

### **Location of the Property and Identification of the Market**

The subject property is located on the southwest corner of NW First and SW Pine Streets, City of Sherwood, Washington County, Oregon. The location is within the historic Sherwood Downtown known locally as Old Town or Smockville. The market is considered to be the entire City of Sherwood, but with an emphasis on the area within the Old Town design overlay.

### **Indicated Exposure Time in "As Is" Condition**

Exposure time is defined as *"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market."*<sup>4</sup> It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable effort. Based upon conversations with brokers and developers, the exposure time for commercial properties within the subject's market area, at values in the range of those concluded within this appraisal, appears to be 18 to 24 months.

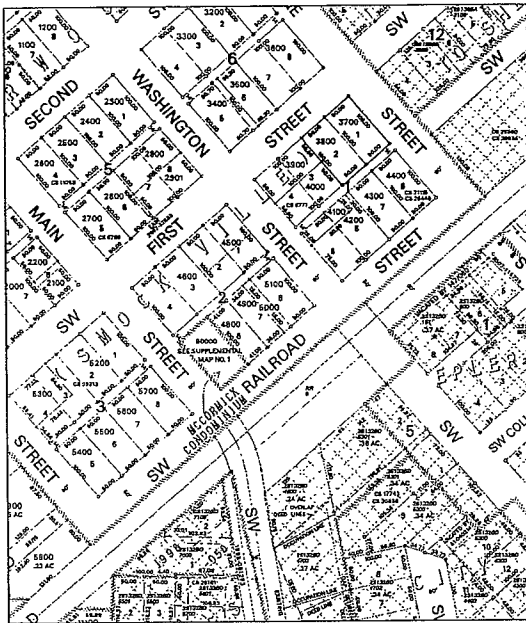
### **Neighborhood Description**

The subject is located in the Old Town neighborhood of Sherwood which is the historic city center that could be characterized as 'in process'. Newer businesses are present in some recently renovated buildings and the area has a thriving antique trade. The City has recently constructed a new municipal building that houses City Hall and the Sherwood Public Library and has completed an extensive streetscape plan that made the Old Town area more pedestrian friendly. The City purchased the Old Cannery which is about 6 acres zoned for retail commercial and high density residential that is located just to the south across the railroad tracks. The City has recently submitted a request for proposals for development of a mixed use area with a mix of pedestrian and medium density housing. Given the city government's commitment to the area one would expect to see continued improvement in the area as the city grows.

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4 Uniform Standards of Professional Appraisal Practice, Appraisal Institute, Chicago, 1/97, Statement on Appr. Std. No. 6, Page 77.

## Site Description



The subject property, according to the Oregon State plat maps, currently contains 10,000 square feet and is square. The topography is level and there are no improvements save for a gravel parking surface and the old sign for the Robin Hood Theater which once occupied the site. Surrounding uses are mostly commercial and include the new City Hall and Library to the east. The immediate area has been streetscaped, including the sidewalks that run along two sides of the subject. It is assumed that the subject has access to all utilities at the street and is a 100' by 100' square as indicated on the plat maps with two 50"x 100" lots of record. The appraiser was not supplied with a Title Report for this assignment and it is an assumption of the report that there are no easements or encroachments that would have a negative effect on value.

The subject property is under the jurisdiction of the City of Sherwood and is located in the RC or Retail Commercial zone. The zone is intended to allow retail and service uses in areas already predominantly built in this manner and in newer commercial areas. Additionally, the subject is located within the Old Town Overlay, a historic district intended to "preserve and enhance the area's commercial viability and historic character." This overlay has the effect of allowing flexibility in use, setbacks, and coverage, while requiring design elements which are keeping in the style of the downtown neighborhood. The zoning should allow a building covering the entire site area up to three stories in height. A combination of uses is allowed, for instance first floor retail with offices or apartments upstairs.

## Highest and Best Use

The subject site would support a wide variety of possible uses given the standards of the RC zone. The most likely options to be legal, physically possible, financially feasible and maximally productive would be for a three story improvement with first floor retail

and offices or condominiums above. Other uses could also be possible depending on the needs of a particular buyer. The determination of the ideal improvements is considered outside the scope of the appraisal and the appraiser has not been supplied with plans or cost estimates in order to conduct a detailed feasibility analysis. The highest and best use is concluded to be for development of a commercial or mixed use improvement as intended by the zone. Condominium use is also assumed allowable in mixed uses with office and/or retail. Development of the subject at this time would negatively affect financial feasibility due to the lack of market demand. Therefore, the maximally productive use is to hold for future development.

### Valuation

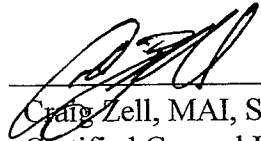
The appraiser has given consideration to sales of similarly zoned land in similar periphery neighborhoods in the metro area. Sale 1 was confirmed with the buyer and we have added \$10,000 to the purchase prices for demolition of existing structure that was on the site at time of purchase. Sale 2 is in the Tigard Triangle area and has been adjusted \$25,000 for two residences and outbuildings that were on site. Sale three is in the Gladstone area which is considered similar to the subject. All of the sales are larger in size when compared to the subject with the exception of sale one. The three sales that are largest in size have the lowest price per square foot indicating a law of diminishing return for lot size.

Land Sales Summary								
Sale No.	Name	City	Date	Sale Price	Zone	Net Size Acres	Net Size SF	Price Per SF
Subj	16020 SW 1st Street				RC	0.23		
1	22415 SW Pine Street	Sherwood	Apr-07	\$125,000	RC	0.11	5,000	\$25.00
2	SW Gonzaga St	Tigard	Oct-08	\$750,000	MUE	0.71	30,904	\$24.27
3	735 E Clarendon St	Gladstone	Feb-08	\$528,000	C-3	0.46	19,994	\$26.41
4	29112 SW Town Ctr Lp	Wilsonville	Jul-08	\$900,000	OM	1.15	50,251	\$17.91
5	29174 SW Town Ctr Lp	Wilsonville	Aug-08	\$825,000	OM	0.96	41,835	\$19.72
	MINIMUM					0.11		
	MAXIMUM					1.15		
	AVERAGES					0.68		

Based on the previous sales the appraiser has concluded a value for the 10,000 square foot site of \$25 per foot, or **\$250,000**. This "As Is" value is effective as of the most recent date of inspection, October 1, 2009. This assumes that the subject is configured as it currently sits, as two tax lots which could be sold together or separately.

If I may be of further assistance to you or your department in this matter, please don't hesitate to contact me. Again, I remind you that this is a restricted report. Reliance is limited to the client and the report cannot be understood properly without the additional information found within the appraiser's file.

Respectfully Submitted,



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Craig Zell, MAI, SRA  
Certified General License #C000108  
Expires 5/31/10



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Robert Atchison  
Certified General License #C000860  
Expires 7/31/11

**SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS  
MEETING MINUTES**

**April 15, 2008**

**REGULAR MEETING**

**1. CALL TO ORDER:** Chair Keith Mays called the URA Board meeting to order at 8:10 pm.

**2. BOARD PRESENT:** Chair Keith Mays, Vice Chair Dave Grant, Board members Dave Heironimus, Linda Henderson, Dan King and Lee Weislogel. Board member Dave Luman was absent.

**3. STAFF PRESENT:** City Manager Ross Schultz, Assistant City Manager Jim Patterson, Economic Development Manager Tom Nelson and District Recorder Sylvia Murphy.

Prior to addressing the Consent Agenda, Board Member Lee Weislogel mentioned an error to URA Resolution 2008-009, as Mr. Scott Johnson was being appointed not reappointed to SURPAC. District Recorder Sylvia Murphy acknowledged the error and will make the correction.

**4. CONSENT AGENDA**

- A. Approval of March 18, 2008 URA Board Meeting Minutes
- B. URA Resolution 2008-007 Reappointing Mark Cottle to SURPAC
- C. URA Resolution 2008-008 Reappointing Charlie Harbick to SURPAC
- D. URA Resolution 2008-009 Appointing Scott Johnson to SURPAC

**MOTION: FROM MR. LEE WEISLOGEL TO APPROVE THE CONSENT AGENDA SECONDED BY MR. DAVE GRANT, APPROVED BY ALL MEMBERS PRESENT.**

Chair Mays addressed the next agenda item and Tom Nelson Economic Development Manager came forward.

**5. NEW BUSINESS**

**A. URA Resolution 2008-010 a Resolution of the Urban Renewal Agency of the City of Sherwood for Purchase of Real Property**

Chairs Mays stated odds are strong that this property will be purchased and questioned language in the Resolution. Tom Nelson stated the language in question gives the ability to make the purchase and said the process for



purchasing the property was done with the previous amendment of the URA Plan and the amendment of the Plan gave the right to develop the property.

Chairs Mays replied, then its redevelopment, it's not saying how redevelops it. Tom Nelson replied this was correct.

Ms. Henderson asked if the language "privately" can be removed. Tom Nelson replied, what the language is saying is that we *may* privately redevelop it.

Mr. Heironimus commented the language states "to be" privately redeveloped and Tom Nelson replied it can be changed to say "may be" privately redeveloped.

The Board concurred to amend URA Resolution 2008-010 and remove the language of "privately" and replace with "may be".

*District Recorder Note: Board members are referring to the fourth "whereas" in the Resolution that reads: "Whereas, the agency plans for the Machine Shop to be privately redeveloped as set forth in Sections 501 and 600 of the Plan"*

Mr. Heironimus commented in regards to buying a piece of property, if the Board needed to state a public purpose other than stating condemnation or friendly sale. Tom Nelson replied we have basically stated the purpose of redeveloping the property due to blight.

City Manager Schultz commented the reasons the Board can spend URA District funds is because it meets criteria for dealing with blight and this is stated in the language of the Resolution.

Chair Mays asked for other questions, with none heard he asked for a motion.

The District Recorder reminded the Chair that a motion to amend the Resolution was needed.

Chair Mays asked for a motion to amend the Resolution to strike the language "to be" and replace with "may be".

**MOTION: FROM VICE CHAIR DAVE GRANT TO AMEND THE RESOLUTION  
SECONDED BY MS. HENDERSON, APPROVED BY ALL MEMBERS  
PRESENT.**

Chairs Mays asked for discussion on the amended Resolution, with none heard he asked for a motion to approve the amended Resolution.

**MOTION: FROM VICE CHAIR DAVE GRANT TO ADOPTED URA RESOLUTION 2008-010 AS AMENDED, SECONDED BY MR. LEE WEISLOGEL, APPROVED BY ALL MEMBERS PRESENT.**

Chair Mays addressed the next agenda item.

**B. URA Resolution 2008-011 A Resolution directing the Urban Renewal Manager to sign a Memorandum of Understanding for the Redevelopment of Real Property**

Tom Nelson came forward and explained staff has negotiated with Capstone Partners and they are here this evening to make a presentation on projects their firm has worked on. Tony Reser and Colleen Colleary, Commercial Realtors with GVA Kidder Matthews are also present this evening.

Tony Reser and Colleen Colleary came forward and stated they were engaged by the City of Sherwood to solicit for the redevelopment of the Cannery site property and have developed a detailed and comprehensive RFP (Request for Proposal) which was put forth to developers locally, nationally and regionally in retail, commercial and housing segments. Mr. Reser explained a website for the RFP was created which linked to the City of Sherwood website and advertisements were run in the Tigard Times, Portland Business Journal and Daily Journal of Commerce for a three week period. Mr. Reser informed the Board the RFP process took approximately 90 days and they are pleased to have secured Capstone Partners.

Colleen Colleary informed the Board that City Manager Schultz and Assistant City Manager Patterson were very helpful through the process and stated Capstone Partners has been very responsive partner.

The Board thanked Mr. Reser and Ms. Colleary and welcomed Capstone Partners.

Chris Nelson, Jeff Sackett, Eric Lindahl, Scott Wagner and Murray Jenkins with Capstone Partners made a presentation to the Board showing projects their firm has worked on.

Mr. Heironimus briefly recapped his involvement in the process and stated he felt Capstone was a good match for the project and thanked the group and staff for their work.

Ms. Henderson commented in regards to the MOU she was pleased with section 3.6, "Elements of this project shall demonstrate substantial conformance with the overlay district standards for Old Town Sherwood".

Chair Mays asked for other Board comments, with none heard he thanked Mr. Heironimus for his participation in the process.

Chair Mays asked for staff comments. Tom Nelson came forward and stated staff is asking the Board to approve the Resolution authorizing the MOU.

Chairs Mays asked for a motion.

**MOTION: FROM MR. DAVE HEIRONIMUS TO ADOPT URA RESOLUTION 2008-011, SECONDED BY MR. DAVE GRANT, APPROVED BY ALL MEMBERS PRESENT.**

Chair Mays addressed the next agenda item.

**C. Review of the RFP for the Old School House (No legislation)**

Tom Nelson came forward and stated at the last URA Board meeting the Board discussed this and directed staff to proceed with the RFP for this property. Staff is seeking Board member comments on the RFP.

Mr. Heironimus asked in regards to page 32 of the meeting packet (page 3 of the RFP), Item C and asked for clarification on the Data Co-location Center, who will own it and how much space will this take.

Tom Nelson stated common interest will give us ownership of a portion that we will determine in the future with the successful bidder what this will be. At this time we would like to just address it. Mr. Heironimus asked if the bidder was not in support of this would the RFP be disqualified. Tom Nelson replied that will have to be determined after everything is reviewed and decide at that time.

Ms. Henderson asked where will the RFP be advertised. Tom Nelson replied, locally as well as a broader base. City Manager Schultz replied the standard is to post in the Daily Journal of Commerce and in the Tigard Times and there is not reason why we can't post in the Gazette. Mr. Heironimus recommended posting in the Portland Business Journal.

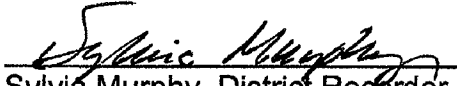
Chair Mays asked if the board was comfortable with the time line. Ms. Henderson replied it was aggressive, but this was not necessarily a bad thing and Mr. Weislogel replied it was good.

Ms. Henderson commented to Tom Nelson, he had a very aggressive schedule and in regards to the selection committee, she would like to participate on this committee.

Chair Mays commented if anyone else was interested in serving to please email staff. Chair Mays thanked staff and asked for Board comments or announcements. With none heard he adjourned the URA Board Meeting.

**6. ADJOURNED:** Chair Mays adjourned the URA Board of Directors meeting at 8:35pm and announced the City Council would reconvene to an Executive Session. (see City Council minutes).

Submitted by:

  
Sylvia Murphy, District Recorder

Approved:

  
Keith S. Mays, Chairman